

AGN. NO. \_\_\_\_\_

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**

**JANUARY 13, 2009**

Predatory lending and unregulated financial instruments were contributing factors that led to the collapse of the mortgage finance and real estate industries. It is understood that the unscrupulous activity must be stopped and prosecuted, but the criminal and civil justice system alone will not help the individual or the community recover.

Industry experts such as Credit Suisse have predicted the timeline and the impact of the subprime lending frenzy, and all indications point towards further foreclosures and real estate fraud activity as adjustable rate mortgages reset through 2011.

The number of foreclosures in Los Angeles County for the year 2006 was 2,260, and for 2007, the number increased to 12,955, touching all geographic regions. As of December 1, 2008, the number increased almost three-fold from the 2007 annual number to 37,257, and this is not a full reporting through the end of the calendar year. This is only one tangible indicator of the crisis that many homeowners and renters are facing.

The economic impact of this crisis affects the County in many ways: through the allocation of resources and services, the loss of revenue generated by real estate and other transactions, the spread of blight to our neighborhoods, and the increase in the number of individuals and families who become dependent upon public assistance, just to name a few.

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YAROSLAVSKY \_\_\_\_\_

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The County clearly must take a leadership role in preparing a strategic plan for dealing with the foreclosure crisis and real estate fraud, and their impact on all facets of our community.

The County should do all that is possible to plan for economic recovery for the community and for the residents, and to empower the individuals with tools and knowledge to assist them in handling future financial matters.

**I, THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

Direct the Chief Executive Officer to report back to the Board within 30 days, on County multijurisdictional, public and private efforts to address the foreclosure and real estate fraud crisis, and to explore the feasibility of creating a comprehensive Countywide approach to addressing the impact of real estate fraud, with the creation of a Real Estate Fraud/Predatory Lending Committee, and develop a comprehensive Countywide approach to reviewing the impact of real estate fraud on the County of Los Angeles, to encompass all aspects of real estate fraud with an emphasis on predatory lending practices, including:

- a) identification of issues pertinent to the County and its residents and their fiscal and social impact;
- b) recommendations on how to address these issues;
- c) forecasting the needs of the homeowners, renters, residents, communities, social service providers, and businesses;
- d) recommendations on the outreach and public information efforts to communities, educating the public, including financial literacy courses, counseling services, and assisting the homeowner with loan modifications to prevent foreclosure;
- e) the review of the function of Sheriff's Department detectives, District Attorney Investigators, and Investigators with the Department of Consumer Affairs and any recommendations for streamlining or consolidating functions; and

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- f) recommendations on the composition of the members of this Committee, to possibly include representatives from, but not limited to, the Federal Trade Commission, the Federal Bureau of Investigation, the State Department of Real Estate and the Department of Corporations, the State Attorney General's Office, members of the County family and other municipal agencies, as well as non-profits, advocacy groups and educational institutions.

Direct the Registrar-Recorder to expedite the completion of the Memorandum of Understanding with County law enforcement agencies, namely, the Sheriff's Department and the District Attorney's Office, within 30 days, so investigators may access real estate transaction records directly to shorten investigation time and utilize resources efficiently when conducting research and investigation into allegations of criminal activities and real estate fraud, and to work with the Department of Consumer Affairs to institute a mechanism where notification is sent to the homeowner on record of all real estate related documents recorded at the Registrar-Recorder's Office, and not only the Notice of Default which is the current practice; and

Direct the Interim Director of Community Development Commission to report back in one week on the status of the County's application with the U.S. Housing and Urban Development's Neighborhood Stabilization Program, as well as on the status of the County's application with the State of California's Neighborhood Stabilization Program.

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